

CHAPTER 831
RAILROAD REVOLVING LOAN FUND

761—831.1(327H) Introduction. The railroad revolving loan fund program provides funding in the form of loans for railroad-related improvement projects. The railroad revolving loan fund is established in Iowa Code section 327H.20A.

761—831.2(327H) Definitions.

“*Rail facilities*” includes, but is not limited to, rail lines including terminals, yards, spurs, sidings, switches, and connections; railroad bridges and tunnels; rail intermodal terminals; highway bridges over rail lines; highway underpasses under rail lines; track facilities and depots to facilitate rail passenger service; and highway-railroad grade crossing surfaces and signals.

761—831.3(327H) Information and forms. Information, instructions and application forms may be obtained from the Office of Program Management, Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010; telephone (515)239-1145. Completed applications shall be submitted to this address.

761—831.4(327H) Purpose of program. The purpose of the railroad revolving loan fund program is to provide loans for projects that will improve railroad capacity, efficiency, or safety in Iowa.

761—831.5(327H) Funding.

831.5(1) The commission is responsible for determining the projects to be funded. See rule 761—831.11(327H).

831.5(2) All project costs exceeding the commission’s funding commitment are the responsibility of the applicant.

831.5(3) The commission need not commit all funds available during a fiscal year. Unexpended funds shall be retained for programming during future fiscal years.

831.5(4) Railroad revolving loan funds may be used as matching funds for other state or federal projects or programs that qualify under this chapter.

831.5(5) Railroad revolving loan funds may be used to refinance a completed project that would have otherwise qualified under this chapter.

761—831.6(327H) Project criteria.

831.6(1) All rail facilities, as defined in rule 761—831.2(327H), are eligible for project funding except facilities to be used solely for railroad passenger tourism.

831.6(2) The minimum loan funding for a project is \$100,000.

831.6(3) The maximum loan term for a project is 15 years from the date of project completion.

831.6(4) The maximum interest rate for a project is the interest rate earned by the state general fund in the last full state fiscal year.

831.6(5) No matching funds are required for a project, but the proposed use of matching funds is part of the project evaluation.

831.6(6) An applicant must demonstrate that its project will improve railroad capacity, efficiency, or safety in Iowa.

831.6(7) An applicant must demonstrate its ability to repay the loan through one or more of the following: positive loan repayment history, first or second mortgage, personal guarantees, pledge of public revenue by a public organization, line of credit from a bank or lending institution, or other demonstration of ability to repay acceptable to the department.

761—831.7(327H) Applicant eligibility. A railroad corporation, a county, a city, a metropolitan planning organization, a regional planning affiliation, or a railroad user is eligible to apply for funding. Joint applications are allowed, but the applicants shall designate one principal contact.

761—831.8(327H) Eligible and ineligible project costs.

831.8(1) Eligible costs. Activities or items eligible for funding include, but are not limited to, the following:

- a. Modernization, upgrading or reconstruction of existing rail facilities.
- b. Construction of new rail facilities.
- c. Railroad bridge and culvert modernization, replacement or removal.
- d. Construction or improvement of separation structures over or under a rail line.
- e. Drainage, erosion control and bank stabilization on railroad right of way or on land affecting railroad right of way.
- f. Highway-railroad grade crossing improvements including signal upgrades, signal installation, surface repairs, removal of crossings, and realignment of existing crossings.
- g. Right of way acquisition costs.
- h. Facilities and buildings to improve Amtrak rail passenger service in Iowa.
- i. Elimination of low or close railroad clearances.

831.8(2) Ineligible costs. The following activities or items are ineligible for funding:

- a. Except for refinancing, any cost incurred prior to commission approval of funding for a project.
- b. Routine maintenance of a rail facility.
- c. Contract administration.
- d. Freight car or locomotive lease, purchase, or repair.
- e. Feasibility studies, environmental studies and major investment studies.

761—831.9 Reserved.

761—831.10(327H) Application.

831.10(1) Submission.

- a. The applicant shall submit an original and three copies of a project application. The application shall be submitted to the office of program management and may be submitted at any time.
- b. If an application is incomplete, the department shall return the application to the applicant to be resubmitted when it is complete.
- c. An application may be withdrawn at any time.
- d. The date of receipt of an application is the day a complete application is received in the office of program management.

831.10(2) Contents of application. Each application shall contain the following:

- a. The applicant's name, address, telephone number, facsimile number, E-mail address, if available, and the name of a designated contact person for the project.
- b. A description of the project proposed for loan funding including a map or sketch plan.
- c. The justification for the project, stating how the project will improve railroad capacity, efficiency or safety in Iowa.
- d. An itemized cost estimate for the project and the name and telephone number of the person responsible for its preparation.
- e. A time schedule for the completion of the project.
- f. The total amount of loan funds requested, the amount of matching funds to be provided for the project, and the source of the matching funds.

g. The proposed loan term and interest rate and a detailed description of the applicant's ability to repay the loan. See subrule 831.6(7).

h. Audited financial statements for the past two years plus a current balance sheet for the entity that is to repay the loan.

761—831.11(327H) Evaluation and approval.

831.11(1) The department shall review the contents of each application for verification and may visit the project site. Department staff shall develop a funding recommendation for each complete application for submission to the commission.

831.11(2) The commission shall be responsible for determining the projects to be funded and the amount to be funded for each project, subject to the availability of railroad revolving loan funds. The commission may fund all or part of a project and may make funding dependent upon adherence to a time schedule or fulfillment of specified conditions.

831.11(3) In making its decision to fund a project, the commission shall consider the project's demonstrated ability to meet the purpose of the program, the strength of the applicant's ability to repay the loan, the amount of matching funds to be provided, the proposed interest rate, and loan term if it is lower than the program maximum.

761—831.12(327H) Project agreement and administration.

831.12(1) Agreement. After the commission has approved loan funding for a project, an agreement shall be negotiated and executed between the department and the applicant.

a. The agreement shall specify the scope of the project, the approved funding level, and other conditions for project funding.

b. As applicable, the agreement shall address responsibilities for project design, right of way acquisition, contracting, construction, and materials inspection; documentation required for payment by the department; audit requirements; and maintenance of the completed project.

831.12(2) Reimbursement. The department shall reimburse the applicant for actual eligible project costs not to exceed the percentage match and the total amount approved by the commission.

831.12(3) Audits.

a. Prior to execution of the agreement, the department may perform a preaudit evaluation of the applicant or any other source. A preaudit evaluation typically includes an examination of accounting methods to determine the ability to segregate and accumulate costs to be charged against the project, and an analysis of costs factors to ensure their propriety and allowability.

b. The department may conduct a final audit of all project costs.

831.12(4) Default. The commission may revoke a funding commitment, seek repayment of funds loaned or take both actions if the applicant fails to fulfill the terms of the agreement.

These rules are intended to implement Iowa Code section 327H.20A.

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CHAPTERS 832 to 839

Reserved

CHAPTER 840

RAIL RATE REGULATION

Rescinded IAB 5/5/99, effective 6/9/99

CHAPTERS 841 to 899

Reserved

PUBLIC TRANSIT

CHAPTER 900

CONTRACTS SET ASIDE FOR

DISADVANTAGED BUSINESS ENTERPRISES

[Prior to 6/3/87, Transportation Department [820]—(09,A)Ch 1]

Rescinded IAB 9/28/94, effective 11/2/94

CHAPTERS 901 to 909

Reserved